



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
FINANCIAL AND COMPLIANCE INVESTIGATIONS**

Justin P. Wilson
Comptroller of the Treasury

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Larry Foster, Director of Schools
James T. Woodward, Sr., Deputy Director for Operations and Chief Financial Officer
Anderson County Schools
101 South Main Street, Suite 500
Clinton, Tennessee 37716

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Clinton High School
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Gentlemen:

Our office performed an investigative review of selected records of the Clinton High School Cheerleader Booster Club, a school support organization associated with the Anderson County School System. Our investigation covered the period August 1, 2013, through January 31, 2014, and revealed several internal control weaknesses and compliance deficiencies.

Presented below are the findings and recommendations resulting from our investigation. These findings and recommendations have been reviewed with management to provide an opportunity for their response. Management of Anderson County Schools chose not to respond to these findings. Also, these findings and recommendations have been reviewed with the district attorney general for the Seventh Judicial District. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

FINDING 1 **THE CLINTON HIGH SCHOOL CHEERLEADER BOOSTER CLUB HAD INTERNAL CONTROL WEAKNESSES AND NONCOMPLIANCE DEFICIENCIES**

We reviewed various records and procedures of the Clinton High School (CHS) Cheerleader Booster Club and noted the following internal control weaknesses and compliance deficiencies:

- A. Duties were not segregated adequately within the CHS Cheerleader Booster Club. The person responsible for maintaining the records was also involved in disbursing funds, making bank deposits, and performing bank

reconciliations. The *Model Financial Policy for School Support Organizations* states that financial responsibilities should be separated whenever possible. One person should not have complete control of the organization's finances. Periodic reviews of bank statements and other documentation by other officers or members helps detect errors and enhances the integrity of financial information.

- B. Our examination of checks/debit card transactions paid from the CHS Cheerleader Booster Club bank account disclosed that some expenditures for pre-game meals did not have adequate documentation to support the transactions. In some instances, only the debit card receipt was attached for documentation. In one instance, the disbursement did not have any supporting documentation. The *Model Financial Policy for School Support Organizations* requires that each disbursement of funds should have a receipt or invoice filed to support the check or debit card transaction. The treasurer should write down the check/debit card transaction and date paid on the invoice or receipt. When a receipt or invoice is not available, a written document should be created and signed by the treasurer, describing the expenditure and explaining why no other documentation was provided. Additionally, sales tax was routinely paid on purchases. Club purchases are exempt from state sales tax.
- C. The CHS Cheerleader Booster Club did not issue official receipts for collections. Therefore, we were unable to determine if all monies received by the club were properly deposited into the CHS Cheerleader Booster Club bank account. CHS Cheerleader Booster Club bylaws provide that the treasurer should issue receipts, retain the original receipt, and send copies to the corresponding ex-officio. Furthermore, the *Model Financial Policy for School Support Organizations* requires a receipt be issued at the time cash is collected by the treasurer acting in their official capacity. The receipts should be prenumbered and retained in a bound receipt book. For certain events or mass collections, a record of the total collections each day must be created. Two individuals should count the collections and prepare a count sheet, signed by both individuals. When the collections are remitted to the treasurer, the treasurer should recount the collections and issue a receipt to the two individuals. The count sheet should be filed by the treasurer.
- D. The checks issued by the CHS Cheerleader Booster Club were signed only by the treasurer. CHS Cheerleader Booster Club bylaws provide the treasurer shall ensure that all checks have two signatures. Additionally, the *Model Financial Policy for School Support Organizations* requires prenumbered checks should be used that require two signatures.

RECOMMENDATION

The CHS Cheerleader Booster Club should segregate duties to the extent possible using available resources. To document that all disbursements are for a valid club purchase, club officers should ensure that an invoice, purchase receipt, or other adequate supporting documentation for each disbursement is obtained and filed. Sales tax should not be paid on purchases. Official prenumbered receipts should be issued for all collections. A minimum of two signatures should be required on all checks issued.

FINDING 2**WRITTEN GUIDELINES GOVERNING THE USE OF DEBIT CARDS HAD NOT BEEN ADOPTED**

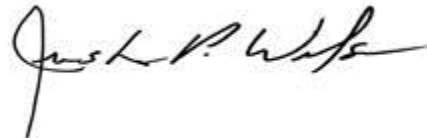
Written guidelines governing the use of debit cards had not been adopted. The CHS Cheerleader Booster Club had debit cards available for the cheer coach and treasurer to use for purchases. Sound business practices dictate that management should provide written guidance by identifying those who are entitled to use the debit cards and the purposes for which the debit cards can be used. Without a formal debit card policy, employees have no limitations on their debit card purchases.

RECOMMENDATION

The club's executive board should adopt written guidelines governing the use of debit cards and implement controls to ensure the policy is followed.

If you have any questions concerning the above, please contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/kbh

CC: Members of the Anderson County Board of Education